Scenario three: digital disruption

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Assumptions

The third scenario assumes that technology changes the structure of financial intermediation faster than the base case suggests. Tokenised bonds, funds and deposits become common. Stablecoins and tokenised bank liabilities serve as settlement assets for cross-border payments and securities transactions. Artificial intelligence takes over a large part of the analysis, documentation, client communication and compliance work that today employs a substantial share of the financial workforce. Platforms operated by technology companies and global asset managers distribute investment products directly to clients across borders.

The scenario leaves the existing financial system in place. Its assumption is that the technologies developed in the crypto-asset sector are absorbed into regulated finance and alter the economics of booking, custody and distribution. When an asset can be held, transferred and pledged on a shared ledger, the jurisdiction in which it is booked becomes a question of law and regulation more than of geography. When a client can receive personalised advice from a supervised artificial intelligence system, the relationship manager in Singapore must offer something more.

Singapore's preparation

Singapore has prepared for this scenario more systematically than most financial centres. Chapter I of this part described Project Guardian, through which the Monetary Authority of Singapore works with the industry and other regulators on the tokenisation of financial assets. In 2026 the project involved 28 financial institutions, seven industry associations and cooperatives and a policymaker group of nine members, among them the Financial Conduct Authority of the United Kingdom and the International Monetary Fund. It had produced a Guardian Fixed Income Framework and a Guardian Funds Framework for tokenised debt securities and funds.[1]

At the same time, the Authority drew a firm line against crypto-asset businesses that used Singapore as a base for serving customers abroad. From 30 June 2025, digital token service providers serving only customers outside Singapore required a licence. The Authority announced that it had "set the bar high for licensing" and would generally not grant one, because of the higher money laundering risks of these business models and the difficulty of supervising firms whose main activity took place outside Singapore.[2] On 13 November 2025, the Authority published proposed Guidelines on Artificial Intelligence Risk Management for consultation. They cover board oversight, inventories of AI use, assessment of risk materiality and controls over the life cycle of AI systems, including generative AI

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and AI agents, applied in proportion to the size and risk profile of each institution.[3] Chapter IV of this part examined these guidelines in detail.

Two faces of disruption

Digital disruption has two faces for Singapore. In the favourable version, Singapore becomes one of the reference jurisdictions for tokenised finance in Asia. Its regulatory sandbox, its frameworks for tokenised funds and bonds and its legal certainty on the nature of digital assets attract issuers, custodians and platforms. The variable capital company, described in Chapter IV of Part E, provides a ready vehicle for tokenised funds. Singapore's banks use artificial intelligence to serve more clients with fewer staff, while its compliance industry exports tools and expertise to the region. The centre loses jobs in operations and gains them in technology, risk management and advice.

In the unfavourable version, technology erodes the advantages of location. If tokenised assets can be held and transferred on global networks, clients need Singapore less as a booking centre. If artificial intelligence makes investment advice cheap and portable, the premium for a relationship manager in Singapore declines. Platforms based in the United States, China or the Gulf capture the distribution of products, while Singapore's regulated institutions bear the cost of compliance. The centre's strength in wealth management, built on personal relationships and legal certainty, would then face competition from services that need neither a branch nor a banker in Singapore.

Conditions

The favourable version depends on four conditions. Singapore needs legal certainty on the property status of digital assets and on the finality of settlement on distributed ledgers, a question that Chapter I of this part discussed with reference to the decisions of the Singapore courts. It needs reliable settlement assets, whether tokenised deposits, regulated stablecoins or wholesale central bank money. It needs cyber resilience proportionate to the concentration of assets on digital infrastructure. The fourth condition is a workforce that can design, operate and supervise these systems, which Chapter IV of Part J examined under the heading of talent.

Signposts

Indicators of digital disruption include the share of new bond and fund issues in Singapore made in tokenised form, the use of tokenised deposits or stablecoins for cross-border settlement by Singapore banks, the number of financial institutions applying the MAS guidelines on artificial intelligence risk management to client-facing systems, and the employment trend in back-office and operations functions in the financial sector.

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Notes

1. MAS, “Project Guardian”, mas.gov.sg (published 12 November 2025, updated 29 January 2026, accessed November 2026): Industry Group of 28 financial institutions and 7 associations and cooperatives; Policymaker Group of 9 members including MAS, the UK Financial Conduct Authority and the IMF; Guardian Fixed Income Framework with an addendum on DvP settlement and custody; Guardian Funds Framework; Global-Asia Digital Bond Grant Scheme.
2. MAS, media release “MAS Clarifies Regulatory Regime for Digital Token Service Providers”, 6 June 2025: licence required from 30 June 2025 for DTSPs serving only customers outside Singapore; MAS “has set the bar high for licensing” and will generally not issue a licence, citing higher money laundering risks and the difficulty of effective supervision.
3. MAS, media release “MAS Guidelines for Artificial Intelligence (AI) Risk Management”, 13 November 2025: proposed guidelines on board and senior management oversight, AI inventories, risk materiality assessment and life-cycle controls; applicable proportionately to all financial institutions; covering generative AI and AI agents; consultation until 31 January 2026.

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